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SURLUGA GOLD MINES LIMITED

Prospectus

MAR 4 1983

BONGARD & COMPANY

TORONTO, VICTORIA, CALGARY, EDMONTON, WINNIPEG, HAMILTON
VANCOUVER, LONDON, GUELPH, WINDSOR, OTTAWA

APPROVED Dec. 4 - Sebyr

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SURLUGA GOLD MINES LIMITED

DEC 5 1963

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE THAT a special meeting of the shareholders of Surluga Gold Mines Limited, hereinafter called "SURLUGA", will be held at The Royal York Hotel, Front Street West, in the City of Toronto, in the Province of Ontario, Canada, on Wednesday, the 4th day of December 1963, at the hour of 10:00 o'clock in the forenoon, Toronto time, for the following purposes, that is to say:—

1. To consider and, if approved, to ratify and confirm the execution and delivery on behalf of Surluga of an Indenture of "Agreement for Exploration and Development of Claims and the Allotment and Acquisition of Shares" which is dated, for convenience, the 1st day of November 1963 and which is made between Surluga, of the first part, and The Consolidated Mining and Smelting Company of Canada Limited, therein and hereinafter called "COMINCO", of the second part, which is hereinafter referred to as "THE COMINCO AGREEMENT", wherein it is provided, amongst other things, as follows:—
 - (a) Surluga warrants the title and interest of Surluga in and to 73 mining claims in the Township of Michipicoten, in the District of Algoma and Province of Ontario, which are owned by or are optioned to Surluga.
 - (b) Surluga warrants that the authorized capital of Surluga is \$3,000,000 divided into 3,000,000 shares of the par value of \$1 each, whereof 1,725,006 shares, and no more, are issued and outstanding as fully paid and non-assessable.
 - (c) Surluga warrants that the option agreements held by Surluga from (i) Alfred James Eddy, Olive Jane Eddy Rahilly, Ernest Roy Eddy and Gordon Raymond Eddy in respect of 5 of the above mentioned mining claims, and from (ii) Benjamin Milrot in respect of 19 of the above mentioned mining claims, are both in full force and effect and are enforceable in accordance with the terms, stipulations and conditions therein respectively contained.
 - (d) During the currency of the Cominco Agreement, Surluga shall maintain in good standing certain of the said mining claims and shall pay all municipal and mining taxes properly assessed upon the said mining claims.
 - (e) On or before the 31st day of March 1966 Cominco shall and may, as in the Cominco Agreement provided, expend up to \$200,000 of lawful money of Canada upon the exploration and development of the said mining claims, which expenditures may include without limiting generality expenditures upon surface prospecting; trenching; geological, geophysical, topographical and geochemical surveys; diamond drilling, sampling and assaying; machinery and equipment; shaft sinking; underground development; metallurgical testing and the purchase, erection and installation of all mining and production plant and equipment required to obtain production of minerals from the said mining claims and all salaries and wages pertaining thereto and including such administrative charges and head office costs and exploration division overhead as are chargeable against the said mining claims in accordance with the usual accounting practices of Cominco, which charges for head office costs and exploration division overhead shall not aggregate more than 12% of

the total expenditures of Cominco, all of which expenditures and charges are in the Cominco Agreement and are hereinafter referred to as "APPROVED EXPENDITURES", and Cominco may in consideration of Approved Expenditures acquire up to 400,000 of the preference shares of Surluga which are hereinafter mentioned, as follows:—

- (i) Cominco shall, on or before the 30th day of September 1964, expend not less than \$40,000 upon Approved Expenditures.
- (ii) Upon Cominco expending the last mentioned sum of \$40,000 and in the event that Cominco shall on or before the 30th day of September 1964 give notice to Surluga that Cominco will expend the further sum of \$40,000 upon Approved Expenditures, Cominco shall on or before the 31st day of March 1965 expend upon Approved Expenditures that further sum of \$40,000, whereupon Cominco shall be entitled to receive 160,000 preference shares of Surluga.
- (iii) In the event that Cominco shall, on or before the 31st day of March 1965, expend upon Approved Expenditures not less than \$80,000 Cominco may, on or before the 31st day of March 1965, give notice to Surluga that Cominco will expend on or before the 30th day of September 1965 the further sum of \$60,000 upon Approved Expenditures, in which event Cominco shall on or before the 30th day of September 1965 expend upon Approved Expenditures the last mentioned further sum of \$60,000, whereupon Cominco shall be entitled to receive a further 120,000 preference shares of Surluga.
- (iv) In the event that Cominco shall, on or before the 30th day of September 1965, expend upon Approved Expenditures not less than \$140,000 Cominco may, on or before the 30th day of September 1965, give notice to Surluga that Cominco will expend on or before the 31st day of March 1966 the further sum of \$60,000 upon Approved Expenditures in which event Cominco shall on or before the 31st day of March 1966 expend upon Approved Expenditures the last mentioned sum of \$60,000 whereupon Cominco shall be entitled to receive a further 120,000 preference shares of Surluga.
- (f) In the event, however, that Cominco shall not within the times above mentioned expend upon Approved Expenditures the sums of money above mentioned, Cominco may pay to Surluga the balance of each such sum of money, whereupon Cominco shall be deemed to have expended each such sum of money so paid upon Approved Expenditures, but in the event that Cominco shall not so expend or pay the said sums of money as above mentioned the rights and interests of Cominco under the Cominco Agreement shall cease and determine and the Cominco agreement shall thereby become and be null and void.
- (g) In the event that Cominco shall become entitled to receive all the above mentioned 400,000 preference shares of Surluga, Cominco may on or before the 31st day of December 1966 expend upon Approved Expenditures any part or parts or the whole of the further sum of \$120,000, in which event Cominco shall be entitled to receive one preference share of Surluga for each 60¢ of the last mentioned sum of \$120,000 expended by Cominco up to the maximum of a further 200,000 preference shares of Surluga.
- (h) In the event that Cominco shall become entitled to receive all of the last mentioned 200,000 preference shares of Surluga, Cominco may on or before the 30th day of June 1967 expend upon Approved Expenditures any part or parts or the whole of the further sum of \$210,000, in which event Cominco shall be entitled to receive one preference share of Surluga for each 70¢ of the last mentioned sum of \$210,000 expended by Cominco up to the maximum of a further 300,000 preference shares of Surluga.

- (i) In the event that Cominco shall become entitled to receive all of the last mentioned 300,000 preference shares of Surluga, Cominco may on or before the 31st day of December 1967 expend upon Approved Expenditures any part or parts or the whole of the further sum of \$480,000, in which event Cominco shall be entitled to receive one preference share of Surluga for each 80¢ expended by Cominco up to the maximum of a further 600,000 preference shares of Surluga.
- (j) Cominco may, at any time and from time to time instead of expending upon Approved Expenditures the last mentioned sums of \$120,000, \$210,000 and \$480,000 within the times above mentioned, pay to Surluga within those times any part or the whole of any one or more or all of the last mentioned three sums of money not so expended within such times, in which event Cominco shall be deemed to have expended each such sum of money so paid to Surluga upon Approved Expenditures.
- (k) Forthwith after Cominco shall expend or undertake to expend or pay or undertake to pay each of the last mentioned sums of \$120,000, \$210,000 and \$480,000 or the balance thereof at any time unexpended or unpaid, Cominco shall give notice thereof to Surluga whereupon Surluga shall, as soon as may be, issue to the shareholders of record of Surluga, other than the holders of the preference shares of Surluga, as of the close of business on each day upon which each such notice is given by Cominco, **NON-TRANSFERABLE** privileges to such shareholders of Surluga entitling such shareholders to purchase pro rata:—
 - (i) 100,000 fully paid and non-assessable common shares of Surluga at the price of 60¢ per share upon Cominco so notifying Surluga that Cominco has expended or paid or undertaken to expend or pay the last mentioned sum of \$120,000.
 - (ii) 200,000 fully paid and non-assessable common shares of Surluga at the price of 70¢ per share upon Cominco so notifying Surluga that Cominco has expended or paid or undertaken to expend or pay the last mentioned sum of \$210,000.
 - (iii) 400,000 fully paid and non-assessable common shares of Surluga at the price of 80¢ per share upon Cominco so notifying Surluga that Cominco has expended or paid or undertaken to expend or pay the last mentioned sum of \$480,000.
- (l) Each of such three issues of privileges shall be exerciseable on or before the close of business on the 90th day following each day upon which Cominco gives notice to Surluga, when such privileges, to be exercised, shall be deposited with the Toronto Office of The Royal Trust Company together with the purchase price of the shares thereby to be acquired by each such shareholder of Surluga which shall be payable in lawful money of Canada at par in the said City of Toronto. In the event that any of such privileges shall not be so exercised Surluga shall forthwith give notice thereof to Cominco and Cominco may, at any time before the close of business on the 30th day following the giving of each such notice by Surluga exercise any of such unexercised privileges.
- (m) All sums of money expended by Cominco upon Approved Expenditures may at the election from time to time of Cominco be claimed by Cominco as exploration, prospecting and development expenses for the purposes of Section 83A of The Income Tax Act of Canada and any amendments thereto or substitutions therefore to the extent thereby permitted, but in the event that Cominco shall not at any time and from time to time elect so to claim any such sums the same or the residue thereof may be claimed by Surluga.
- (n) In the event that Cominco acquires all the 1,500,000 preference shares of Surluga which are hereinafter mentioned within the said times, Cominco may by notice to Surluga given on or before the 30th day of June 1968 purchase any part in such notice

specified or the whole of 500,000 fully paid and non-assessable common shares of Surluga at the price of \$1 per share. Upon the giving by Cominco of the last mentioned notice Surluga shall, as soon as may be, issue to the shareholders of Surluga other than the holders of preference shares of Surluga, as of the close of business on the day upon which the last mentioned notice is given, **NON-TRANSFERABLE** privileges to such shareholders of Surluga entitling such shareholders to purchase pro rata the same number of fully paid and non-assessable common shares of Surluga at the price of \$1 per share as shall be specified in the last mentioned notice given by Cominco. The last mentioned privileges shall be exerciseable on or before the close of business on the 90th day following the day upon which the last mentioned notice from Cominco shall be given, when such privileges to be exercised shall be deposited with the said office of the said trust company together with the purchase price of the shares thereby to be acquired by each such shareholder of Surluga which shall be payable in lawful money of Canada at par in the said City of Toronto. In the event that any of the last mentioned privileges shall not be so exercised Surluga shall forthwith give notice thereof to Cominco and Cominco may, at any time before the close of business on the 30th day following the giving of the last mentioned notice by Surluga exercise any such unexercised privileges.

- (o) Cominco shall have the right to manage and direct all operations upon the said mining claims at all times during which Cominco is entitled to incur Approved Expenditures, including the right to spend money subscribed to Surluga pursuant to the Cominco Agreement. Thereafter such management and direction shall revert to Surluga. Cominco shall in advance confer and consult with Surluga concerning the general programme upon which Approved Expenditures are to be incurred, and Cominco shall give reasonable consideration to comments and suggestions made by or on behalf of Surluga, but nothing in this paragraph contained shall be construed as obligating Cominco to secure the approval of Surluga to any programme proposed by Cominco.
- (p) During the time that Cominco is entitled to incur Approved Expenditures, Cominco shall be entitled to possession, use and enjoyment of the said mining claims, subject to the provisions of the two above mentioned option agreements from the Eddys and from Milrot. Surluga shall at all times by its duly authorized representative or representatives be entitled to access to the said mining claims, to all work done and in progress therein and thereon, to the results thereof and to the workings therein, but without impeding the operations of Cominco, and Cominco shall forthwith provide to Surluga full and detailed particulars of the results of all work of every nature and kind whatsoever performed or in progress by Cominco in, upon and in respect of the said mining claims.
- (q) In the event that Cominco shall fail to exercise fully the rights by the Cominco Agreement granted to it, it shall forthwith deliver or cause to be delivered to Surluga all information and material obtained or acquired by Cominco in any way relating to the said mining claims and to the work performed by Cominco in, upon and in respect of them.
- (r) During the currency of the Cominco Agreement, Surluga will not, except as therein expressly provided and recited, alter its authorized capital or allot or issue any shares in its authorized capital.
- (s) Cominco shall upon expenditure of the first \$80,000 of Approved Expenditures be entitled to nominate one person as a director of Surluga and thereafter shall be entitled to nominate an additional person or additional persons as a director or as directors of Surluga, to the intent that the number of directors of Surluga nominated by Cominco shall be in the proportion that the number of preference shares of Surluga

from time to time allotted bears to the total number of shares of Surluga from time to time issued and outstanding.

- (t) In the event that Cominco shall acquire any mining claim or mining claims or interest or interests in any mining claim or mining claims any part of which or any part of any block of which lies within 1,500 feet of any part of the said mining claims of Surluga, all such other mining claims shall at the request of Surluga be transferred to Surluga and shall thereby become the property of Surluga without cost to Surluga, but Cominco shall be entitled to include the actual cost to Cominco of the acquisition of any such mining claim or mining claims or interest or interests therein as Approved Expenditures.
- (u) In the event that Surluga shall acquire any mining claim or mining claims or interest or interests in any mining claim or mining claims any part of which or any part of any block of which lies within 1,500 feet of any part of the said mining claims of Surluga, all such other mining claims shall be held by Surluga subject to the provisions of the Cominco Agreement and shall from the time of the acquisition thereof be deemed to be included among the said mining claims of Surluga, but the considerations in the Cominco Agreement specified shall not thereby be altered.
- (v) Any dispute, difference or disagreement between Surluga and Cominco upon what expenditures constitute Approved Expenditures shall be settled by arbitration, and in the event that any arbitration shall reduce the amount of Approved Expenditures to a sum less than that required from time to time to be incurred by Cominco upon Approved Expenditures as in the Cominco Agreement provided, Cominco may pay the amount of any such reduction to Surluga and may thereby preserve its rights under the Cominco Agreement.
- (w) The rights, duties and obligations of Surluga and Cominco may not be assigned without the written consent of the other of them, but Cominco may sell and assign the said preference shares of Surluga but shall not do so at prices below those for common shares in respect of the above mentioned privileges next to be offered.
- (x) The Cominco Agreement may terminate or be terminated as therein provided, whereupon the issued preference shares, if any, of Surluga shall be converted into fully paid and non-assessable common shares of Surluga at the rate of one common share for each preference share.

2. To confirm Special Resolution number 5 of Surluga, which was passed by the directors of Surluga on the 8th day of November 1963, authorizing an application to the Lieutenant-Governor of the Province of Ontario for Supplementary Letters Patent:—

- (a) Making Surluga NOT subject to Part IV of The Corporations Act of the Province of Ontario.
- (b) Changing the presently authorized capital of Surluga into 3,000,000 common shares without par value.
- (c) Creating an additional 500,000 common shares without par value ranking pari passu with the said 3,000,000 common shares without par value.
- (d) Creating 1,500,000 convertible preference shares without par value which shall have attached thereto the preference to elect, voting separately as a class, one-eighth of the board of directors of Surluga, but in all other respects ranking pari passu with the common shares of Surluga, and at any time on or before the 31st day of December

1968 to be converted into fully paid and non-assessable common shares of Surluga at the rate of one common share for each such preference share.

(e) To delete the objects of Surluga and to substitute therefor the following:—

To prospect and explore for, to acquire, explore, develop and operate mines, mineral lands, mineral deposits and interests therein, and generally to carry on the business of mining and exploring for minerals.

3. To consider such further and other business as may properly come before the meeting.

CONFIRMATION OF SPECIAL RESOLUTION NUMBER 5 REQUIRES THE AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE BALLOTS CAST AT THE MEETING.

The Cominco Agreement and Special Resolution Number 5 of Surluga may be inspected before the said meeting at the Head Office of Surluga at any time during business hours.

DATED at the City of Toronto, in the Province of Ontario, Canada, this 14th day of November, 1963.

CHARLES S. M. MORTIMER, Q.C.,

Secretary-Treasurer.

In the event that you do not intend to be present at the meeting in person, it is requested that you sign and return to the company the accompanying proxy. A proxy from a corporation must be under the common seal of that corporation.

1. The Commission has been established to study the problems of the people of the Province of Ontario and to make recommendations to the Government of Ontario.

2. The Commission has been established to study the problems of the people of the Province of Ontario and to make recommendations to the Government of Ontario.

3. The Commission has been established to study the problems of the people of the Province of Ontario and to make recommendations to the Government of Ontario.

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9. The Commission has been established to study the problems of the people of the Province of Ontario and to make recommendations to the Government of Ontario.

10. The Commission has been established to study the problems of the people of the Province of Ontario and to make recommendations to the Government of Ontario.

Surluga Gold Mines Limited,
Suite 1101,
85 Richmond Street West,
Toronto 1, Ontario.

FEB 18 1963

Press Release
February 14, 1963.

The outlining of sufficient ore tonnage to warrant commencement of underground development work by midsummer of this year, is the basic objective of a 30,000 foot diamond drilling program now being conducted on the Wawa gold camp property of Surluga Gold Mines Limited, states W. D. Sutherland, P. Eng., president of the company.

Recently purchased from a private Canadian company financed by American Mining and business people, the Surluga property is located east and southeast of Wawa Lake in the Michipicoten area of Northern Ontario's Algoma district. About one half mile east of the Town of Wawa, the 47 claim property lies within easy access of all essential services required for a full scale mining operation. The southern boundary of the property adjoins the old Jubilee Mine acreage, which was one of several small gold-mines that were producing in the area during the 1930's.

Locale of both past and current drilling activity, is the south section of the property, the structural feature of which is a series of strong north east trending faults or shear zones. Prime drilling target to date has been the Jubilee Shear Zone, a northeast trending structural occurrence that cuts obliquely across the aforementioned fault zones for a strike length of some 6,000 feet. Drilling done by the former owners up till late last year was confined to the most southerly 1,600 feet of the Jubilee Shear, where a series of holes drilled along this length established the presence of important gold values, many of which returned assays of ore grade or near ore grade material, some being over excellent widths. Many of the holes obtained

two or more gold-bearing intersections. A grid pattern for follow-up drilling was then established for the drilled area, which was divided into three zones:- namely the south Zone, Central Zone and North Zone. Drilling down dip and along the length of the structure on the south zone indicated the presence of an ore shoot of important economic significance still open to extension on length and dip. Upon completion of 25 holes, results were reviewed with three independent Engineering consultants recommending the undertaking of a major program of diamond drilling to fully assess the mine making potential of the property. This resulted in the sale of the property to Surluga Gold Mines Limited with the original American sponsors and one of Canada's top financial houses participating in the initial financing of the Company. With some \$320,000 cash in the Surluga treasury, the current drilling program got underway during December 1962. Two drills working on a two-twelve hour shift basis have completed a total of 16 holes to date. One machine continues to proceed with detail drilling on the South Zone ore shoot with a second machine working in the Central Zone area. Results continue favourable to the point that a comprehensive picture of the South Zone ore occurrence can be anticipated in the near future, ~~the~~ the company's field office reports.

Directors and Officers of the Company are:

Chairman of the Board ... William D. Burden of Charlotte, Vermont. Mr. Burden holds a B. Sc. Degree in Geology from Harvard and a M. Sc. Degree in Geology from Columbia University. He was President of Marine Studios Inc., Marine Land, Florida, from 1937 - 1961 and from 1926 until 1962 he was a Trustee of the American Museum of Natural History. He is also known as an author of several books. President of the Company... W. Don Sutherland, Consulting Geologist of Blind River, Ontario. Charles S. Mortimer, Toronto, is Secretary Treasurer. Forrest W. Graham, Toronto, Luis F. Browne, Washington, U.S.A., and Victor K. Colebourn, Scarborough, Ontario, are other members of the Company Directorate.

LEGEND

● Vertical drill hole

Gold values at \$35.00 per ounce
and width in feet shown thus: $\frac{13.97}{29.4'}$

Paul C. McLean, Mining Geologist, January 1963

0 100 200 300 400 500 feet

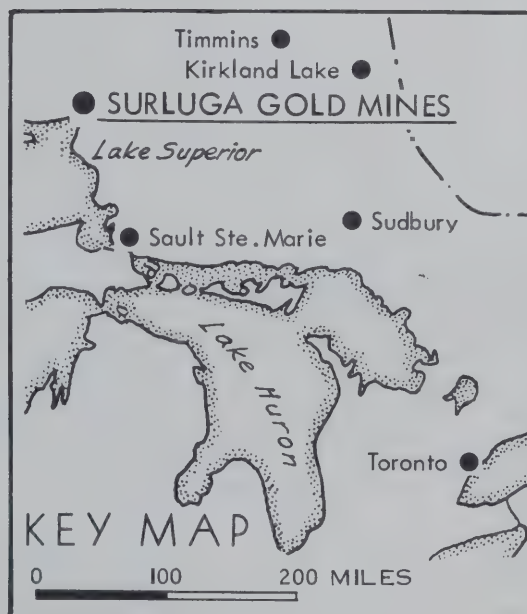
DIAMOND DRILL HOLE SUMMARY

Hole No.	Footage	Width	Oz/ton	Value \$
1 -	196.5-200.8	7.5	.322	11.28
2 -	207.1-213.2	6.1	.330	11.55
8 -	26.1- 30.8	4.7	.385	13.47
8 -	240.7-246.8	6.1	.310	10.86
9 -	186.0-189.5	3.5	.170	5.95
10 -	225.3-229.4	4.1	.160	5.60
12 -	225.8-240.9	15.1	.341	11.92
14 -	363.4-368.8	5.4	.140	4.90
16 -	85.6- 91.4	5.8	.438	15.25
16 -	220.0-224.4	4.4	.160	5.60
17 -	83.0- 86.6	3.6	.100	3.50
17 -	145.4-149.1	3.7	.290	10.15
18 -	103.0-120.0	17.0	.123	4.30
19 -	146.2-147.7	1.5	.320	11.20
20 -	192.1-193.8	1.7	.160	5.60
22 -	302.9-305.9	3.0	.150	5.25
22 -	327.2-358.8	31.6	.336	11.76
23 -	314.9-338.3	25.2	.302	10.57
24 -	472.0-474.7	2.7	.220	7.70
24 -	478.3-481.6	3.3	.110	3.85
25 -	747.7-750.7	3.0	.280	9.80
25 -	769.4-772.0	2.6	.270	9.45
26 -	160.2-162.7	2.5	.160	5.60
26 -	355.5-361.5	6.0	.220	7.70
28 -	281.8-311.2	29.4	.399	13.97
28 -	345.0-349.0	4.0	.340	11.70
28 -	386.9-390.4	3.5	.520	18.20
29 -	243.9-246.9	3.0	.170	5.95
29 -	272.7-276.0	3.3	.110	3.85
30 -	350.7-359.7	9.0	.457	16.03
31 -	351.2-358.0	6.8	.173	6.06

NORTH ZONE

CENTRAL ZONE

SOUTH ZONE



DIAMOND DRILL PLAN

SURLUGA GOLD MINES LIMITED

ALL MAPS ARE DRAWN FROM INFORMATION BELIEVED TO BE RELIABLE BUT INDIVIDUAL OWNERSHIP AND EXACT LOCATIONS ARE NOT CERTIFIED. THIS MAP IS NOT TO BE REPRODUCED IN ANY MANNER EITHER IN WHOLE OR IN PART WITHOUT THE WRITTEN PERMISSION OF W. LANGRIDGE, JR. PRESIDENT, LANGRIDGE LIMITED

<u>Hole No.</u>	<u>Location</u>	<u>Footage</u>	<u>Width</u>	<u>Oz/ton</u>	<u>Value \$</u>
32	50' N 28	272.2-274.5	2.3'	0.18	6.30
32	50' N 28	279.5-282.0	2.5'	0.19	6.65
33	50' N 12	175.0-176.0	1.0'	0.23	8.05
33	50' N 12	212.2-214.8	2.6	0.11	3.85
34	50' N 31	314.1-316.6	2.5'	0.65	22.75
34	50' N 31	328.6-331.1	2.5	0.10	3.50
35	50' S 29	There were no values of ore grade in this hole.			
36	50' N 32	244.0-247.0	3.0	0.16	5.60
36	50' N 32	254.5-257.7	3.2	0.27	9.45
36	50' N 32	267.0-270.0	3.0	0.23	8.05
36	50' N 32	317.4-320.4	3.0	0.175	6.12
37	50' N 29	190.2-192.7	2.5	0.67	23.45
37	50' N 29	235.0-241.0	6.0	0.125	4.37
37	50' N 29	269.8-272.8	3.0	0.14	4.90

Prospectus

This prospectus has been filed pursuant to the provisions of The Securities Acts of the Provinces of Ontario, Alberta and Manitoba.

SURLUGA GOLD MINES LIMITED

(Incorporated under The Corporations Act of the Province of Ontario by Letters Patent dated the 22nd day of March 1962).

HEAD OFFICE

Suite 1101 Federal Building,
85 Richmond Street West,
Toronto 1, Ontario.

DIRECTORS AND OFFICERS

<i>Chairman of The Board and Director</i>	WILLIAM DOUGLAS BURDEN, Executive, Charlotte, Vermont, United States of America.
<i>President and Director</i>	WILLIAM DONALD SUTHERLAND, Consulting Geologist, Post Office Box 136, Blind River, Ontario, Canada.
<i>Secretary-Treasurer and Director</i>	CHARLES STEWART MACIVOR MORTIMER, One of Her Majesty's Counsel, 71 Heath Street West, Toronto 7, Ontario, Canada.
<i>Director</i>	FORREST WILLIAM GRAHAM, Stock Broker, 87 Dunvegan Road, Toronto, 7, Ontario, Canada.
<i>Director</i>	LUIS FERNANDO VIAL BROWNE, Investment Banker, 4340 Cathedral Avenue Washington 16, District of Columbia, United States of America.
<i>Director</i>	VICTOR KENNETH COLEBOURN, Solicitor, 669 Brimley Road, Scarborough, Ontario, Canada.

PROMOTER

In the opinion of its directors the Company has no promoter.

AUDITORS

CLARKSON, GORDON & Co.,
Chartered Accountants,
15 Wellington Street West,
Toronto 1, Ontario.

REGISTRAR AND TRANSFER AGENT

THE ROYAL TRUST COMPANY
66 King Street West,
Toronto 1, Ontario.

1. The authorized capital of the Company is \$3,000,000 divided into 3,000,000 shares of the par value of \$1.00 each, whereof 1,475,006 shares have been issued and are fully paid and non-assessable. There are no bonds or debentures or other securities of the Company outstanding or proposed to be issued. No commission has been paid or is payable on the sale of the shares of the Company. No Supplementary Letters Patent have been issued to the Company.
2. By an indenture of "Contract for Sale of Mining Lands", which is hereinafter referred to as "THE MAIN CONTRACT", which is dated, for convenience, the 1st day of November 1962 and which is made between William Donald Sutherland, of the Town of Blind River, in the District of Algoma and Province of Ontario, Consulting Geologist, who is therein and is hereinafter called "SUTHERLAND", of the first part, and the Company, of the second part, Sutherland sold to the Company and the Company purchased free of encumbrance (i) an absolute title in fee simple in the land which is entered in the Office of Land Titles at Sault Ste. Marie as Parcel 4597, formerly Parcels 1983 and 2606 as mining land and Parcel 4509, all in the Register for Algoma, West Section, which land is now situate in the Township of Michipicoten, in the said District of Algoma, and which comprises mining claims SSM 3538 (re-recorded as SSM 4720), SSM 4317 and SSM 4318 (re-recorded as SSM 7491 and SSM 7492 respectively) and Y 110, to which reference is in the Main Contract and is hereinafter made as "THE PATENTED LAND", and (ii) 32 mining claims situate in the said Township of Michipicoten, formerly Township 29 in Range XXIII of the said District of Algoma, which are numbered SSM 59662 to SSM 59664, SSM 60183 to SSM 60185, SSM 60362, SSM 60363 and SSM 60942, SSM 61530 to SSM 61533 and SSM 61954 to SSM 61972, all numbers inclusive, which are in the Main Contract and are hereinafter referred to as "THE MINING CLAIMS"; the Patented Land and the Mining Claims are in the Main Contract and are hereinafter collectively referred to as "THE MINING LANDS".
3. The considerations stipulated in the Main Contract to be paid by the Company were:—
 - (i) The sum of \$75,000 which has been satisfied by the allotment and issue by the Company of 750,000 shares in its authorized capital, which shares are in the Main Contract and are hereinafter referred to as "THE VENDORS' SHARES", at the issue price of 10¢ per share and as fully paid and non-assessable, to the undernamed persons and firm in the proportions respectively set opposite the name of each, which proportions are respectively the extent of the interest of each of the undernamed persons and firm in the Mining Lands before the transfer of the Mining Lands to the Company, that is to say:—

Name	Address	Occupation	Number of Vendors' Shares	Per cent of the Vendors' Shares and interest in the Mining Lands
THOMAS SURLUGA	Wawa, Ontario, Canada.	Prospector	37,500	5%
EDWARD METVEDT	R.R. #4, Bracebridge, Ontario, Canada	Prospector	37,500	5%
SUTHERLAND AND CO.	Post Office Box 136, Blind River, Ontario, Canada.	Exploration Partnership	675,000	90%
			750,000	100%

- (ii) The payment by the Company of the costs of and incidental to its incorporation and organization and the acquisition by it of the Mining Lands.
4. The following persons are all the partners in Sutherland and Co. together with their respective interests in Sutherland and Co. in respect of those of the Vendors' Shares allotted to Sutherland and Co., that is to say:—

Name	Address	Occupation	Vendors' Shares	Per cent interest in Vendors' Shares allotted to Sutherland and Co.	Per cent Interest in the Mining Lands
ANDREW WHITE BURDEN	Bondville, Vermont, United States of America.	Businessman	15,000	2.22%	2%

Name	Address	Occupation	Vendors' Shares	Per cent interest in Vendors' Shares allotted to Sutherland and Co.	Per cent Interest in the Mining Lands
WILLIAM DOUGLAS BURDEN, THE ELDER	Charlotte, Vermont, United States of America.	Executive	135,000	20%	18%
SHEILA BURDEN LAWRENCE	Charlotte, Vermont, United States of America.	Married Woman	15,000	2.22%	2%
WILLIAM DOUGLAS BURDEN, THE YOUNGER	36 East 81st Street, New York 28, New York, United States of America.	Businessman	30,000	4.44%	4%
JOHN LEE CARROLL	1270 Avenue of the Americas, New York, New York, United States of America.	Geologist	93,750	13.91%	12.5%
NATALIE RYAN CLARKE	620 Park Avenue, New York 21, New York, United States of America.	Married Woman	60,000	8.88%	8%
ROGER PROUTY	863 First Avenue, New York 17, New York, United States of America.	Professor	45,000	6.67%	6%
JOHN PELL COSTER TRAIN AND FRANCIS HIGGINSON CABOT	375 Park Avenue, New York 20, New York, United States of America.	Financiers	60,000	8.88%	8%
OLIN DOWS	144 East 2nd Avenue, New York 28, New York, United States of America.	Artist	45,000	6.67%	6%
PATRICIA CUTTING GLENN	c/o Fiduciary Trust Company of New York, 1 Wall Street, New York 5, New York, United States of America.	Feme sole	45,000	6.67%	6%
CLEMENT BIDDLE WOOD	Spring Mill Road, Conshohocken, Pennsylvania, United States of America.	Writer	30,000	4.44%	4%
WILLIAM DONALD SUTHERLAND	Box 136, Blind River, Ontario, Canada.	Consulting Geologist	101,250	15%	13.5%
			675,000	100%	90%

5. The Royal Trust Company, the registrar and transfer agent of the Company, holds the 675,000 of the Vendors' Shares allotted to Sutherland and Co. in escrow until released by the Ontario Securities Commission and the Alberta Securities Commission; transfer, hypothecation, assignment or other alienation within the said escrow to be subject to the consent of the said Commissions. The escrowed Vendors' Shares shall be released from escrow in blocks of not less than 10,000 shares each and, as they are released, they shall be distributed pro rata amongst the holders of the escrowed Vendors' Shares at the time of each such release. At the date of this prospectus the escrowed Vendors' Shares may be voted at all meetings of the shareholders of the Company only by Andrew White Burden aforesaid. The 75,000 of the Vendors' Shares which have been allotted and issued to Thomas Surluga aforesaid and Edward Metvedt aforesaid are not subject to escrow.
6. The shares of the Company sold for cash to date are:—

Total of Shares Sold	Total Cash Received	Commission Paid
6	\$ 6.00	nil
225,000	22,500.00	nil
500,000	200,000.00	nil
<u>725,006</u>	<u>\$222,506.00</u>	<u>nil</u>

Prior to the 1st day of December 1962 the above-mentioned 225,000 shares of the Company, which shares shall not participate in dividends which may be declared and paid by the Company on or before the 1st day of November 1965 and which are to be held in escrow by The Royal Trust Company until five days after the exercise or lapse of the Share Options which are hereinafter mentioned, were sold at the issue value of 10¢ per share and as fully paid and non-assessable to the persons named in paragraph 4 of this prospectus in the proportions hereafter respectively set opposite the name of each, that is to say:—

Name	Number of Shares	Per cent of 10¢ shares
ANDREW WHITE BURDEN	5,556	2.5%
WILLIAM DOUGLAS BURDEN, THE ELDER	50,000	22.6%
SHEILA BURDEN LAWRENCE	5,556	2.5%
WILLIAM DOUGLAS BURDEN, THE YOUNGER	11,111	4.9%
JOHN LEE CARROLL	9,721	3.9%
NATALIE RYAN CLARKE	22,222	9.9%
ROGER PROUTY	16,667	7.4%
JOHN PELL COSTER TRAIN AND FRANCIS HIGGINSON CABOT	22,222	9.9%
OLIN DOWS	16,667	7.4%
PATRICIA CUTTING GLENN	16,667	7.4%
CLEMENT BIDDLE WOOD	11,111	4.9%
WILLIAM DONALD SUTHERLAND	37,500	16.7%
	<u>225,000</u>	<u>100.0%</u>

Prior to the 1st day of December, 1962 the above-mentioned 500,000 shares of the Company, which last-mentioned shares and all shares of the Company acquired by William Douglas Burden aforesaid upon the exercise by him of any part of the Share Options hereinafter specified, shall be held in escrow by The Royal Trust Company until five days after the exercise or lapse of the Share Options which are hereinafter mentioned and which shall not be sold, assigned, transferred or otherwise alienated within that escrow without the written consent of Bongard and Company, were sold at the issue value

of 40¢ per share and as fully paid and non-assessable to the persons hereafter named in the proportions respectively set opposite the name of each, that is to say:—

<u>Name</u>	<u>Address</u>	<u>Number of Shares</u>
WILLIAM C. BREWER, THE YOUNGER	53 Beacon Street, Boston 8, Massachusetts, United States of America.	7,500
CHRISTOPHER BURDEN	c/o Theta Chi Fraternity Middlebury College, Middlebury, Connecticut, United States of America.	25,000
WILLIAM DOUGLAS BURDEN, THE ELDER, aforesaid		377,500
SHEILA BURDEN LAWRENCE, aforesaid		50,000
RALPH HUTCHINSON POOLE, THE YOUNGER	Belwood Farm, Geneva, New York, United States of America.	15,000
DERICK VANDERBILT WEBB	Shelburne, Vermont, United States of America.	25,000
		500,000

7. No other shares of the Company have been issued or, save as hereinafter expressly provided, are proposed to be issued. No cash has been paid or is proposed to be paid to any promoter. No other securities of the Company have been sold for cash to date or are proposed to be sold.
8. Ralph Isaac Benner, of the Town of Cobalt, in the District of Temiskaming and Province of Ontario, Registered Professional Engineer, under date of the 29th day of October, 1962 has made the accompanying report upon the Mining Lands. In that report are given particulars of (i) the means of access to the Mining Lands; (ii) the character, extent and condition of the underground exploration and development in the Mining Lands; (iii) the character, extent and condition of the surface exploration and development done; (iv) the known history of the Mining Lands, and (v) a description of the work done and improvements made by or on behalf of the present management. No underground exploration and development work has been done in the Mining Lands by the present management, and there is no underground plant or equipment. There is no surface plant or equipment. The surface exploration and development which has been done by the present management consists of sampling and geological work, together with some trenching and stripping of rock outcrops and 9,300 feet of diamond drilling at the cost of about \$40,000. Exploration work is expected to proceed as conditions permit, and it is proposed to perform so far as may be warranted further exploration in the Mining Lands as recommended in the said report of Ralph Isaac Benner.
9. Paul Coulter McLean, of the City of North Bay, in the said District of Temiskaming, Consulting Mining Geologist, under date of the 5th day of January, 1962, has made the further accompanying report upon the Mining Lands.
10. By an Indenture of "Contract for Sale of Shares and Options to Purchase Shares" which is hereinafter referred to as "THE OPTION CONTRACT", which is dated, for convenience, the 1st day of November, 1962 and which is made between the Company, of the first part, and Bongard and Company, of the City of Toronto, in the Province of Ontario, Stock Brokers and Investment Dealers, therein and hereinafter called "BONGARD", of the second part, the Company sold to Bongard and Bongard, subject to the Company receiving the receipt of the Registrar of the Ontario Securities Commission, which is in the Option Contract and is hereinafter referred to as "THE RECEIPT", and the delivery of a copy of the Receipt to Bongard as in the Option Contract and as hereinafter specified, purchased 250,000 fully paid and non-assessable shares of the Company at the issue price of 40¢ per share, and Bongard thereupon became entitled to options, which are in the Option Contract and are herein referred to as "THE SHARE OPTIONS", to purchase a further 360,000 fully paid and non-assessable

shares of the Company in the quantities at the prices and on or before the times therein and hereinafter mentioned, that is to say:—

FIRST:— The whole or any part or parts of 100,000 shares at the price of 50¢ per share within 120 days after delivery of a copy of the Receipt to Bongard;

SECOND:— The whole or any part or parts of 100,000 shares at the price of 80¢ per share within 240 days after delivery of a copy of the Receipt to Bongard;

THIRD:— The whole or any part or parts of 100,000 shares at the price of \$1.00 per share within 365 days after delivery of a copy of the Receipt to Bongard;

FOURTH:— The whole or any part or parts of 60,000 shares at the price of \$1.20 per share within 480 days after delivery of a copy of the Receipt to Bongard.

Failure on the part of Bongard fully and duly to exercise any of the Share Options other than the last to be exercised of them shall automatically cancel the remaining Share Option or Share Options. In the events of default in the exercise of the Share Options and of the shares of the Company still being in course of primary distribution to the public, an amending statement hereto will be filed within twenty days from the date of default.

11. The Option Contract provides, amongst other things that, (a) on or before the 31st day of December, 1962 the Company shall (i) prepare this prospectus, (ii) file this prospectus with the Ontario Securities Commission, with the Securities Commission of the Province of Alberta and with the Public Utilities Board of the Province of Manitoba, and (iii) obtain the Receipt and deliver a copy thereof to Bongard; (b) in the event that before the expiry of 48 hours excluding Saturdays, Sundays and statutory holidays, after the delivery of a copy of the Receipt to Bongard, Bongard shall give notice to the Company of the happening of any event or of any condition or situation arising which in the sole opinion of Bongard renders it inexpedient or inadvisable for Bongard to offer the shares of the Company for sale to the public in Canada, Bongard may thereby terminate the Option Contract and all the rights, duties and obligations of Bongard and the Company thereunder, and (c) in the events of the exercise in full of the Share Options and of the Company within five years of the delivery of a copy of the Receipt to Bongard desiring to acquire further sums of money from the public in Canada to further finance the development of the Mining Lands, the Company shall offer to Bongard upon such terms and conditions as may be determined by the Company the first right to provide to the Company such further sums of money, whereupon Bongard shall have 15 days to accept such offer and if Bongard shall not accept such offer the Company may within 185 days next following the expiry of such period of 15 days obtain such further sums of money wherever they may be available to the Company upon terms not more favourable than those offered to Bongard, and in the event of the Company not obtaining such further sums of money within the said period of 185 days the provisions herein set forth shall apply to any further offer made by the Company.
12. William Douglas Burden aforesaid has received from Bongard the right to participate in the Share Options to the extent of 25% of them and of each of them. Bongard and William Douglas Burden aforesaid shall consult and confer with each other regarding the exercise of the Share Options and at least 10 days before the expiry of each of the Share Options each of Bongard and William Douglas Burden aforesaid shall notify the other of them in writing as to whether or not it or he intends to exercise its or his proportion of each Share Option. Each of Bongard and William Douglas Burden aforesaid which or who gives notice to the other of them of intention to exercise its or his proportion of each Share Option shall be bound to pay its or his proportion of the cost of exercising such Share Option or part thereof. If both Bongard and William Douglas Burden aforesaid give notice that they do not intend to exercise any of the Share Options or any part thereof, or if they both fail to exercise in full any Share Option, then all Share Options and parts thereof subsequent to such notice or failure shall terminate in due course by default. If either of Bongard or William Douglas Burden aforesaid shall notify the other of them that it or he does not intend to exercise its or his proportion of any Share Option or of any part of them, and the other of them gives notice of its or his intention to exercise its or his proportion of such Share Option or part thereof then such of them which or who has given notice of intention not to exercise shall forthwith assign its or his remaining right and interest in the Share Options to that one of them which or who has given notice of intention to exercise its or his proportion of that Share Option or that part thereof. The assigning by one of Bongard or William Douglas Burden aforesaid to the other of them of its or his remaining interest in the Share Options or any part of them shall in no way affect shares of the Company purchased by it or him prior to such assignment.
13. Bongard shall be entitled to nominate one person as a director of the Company, and for 5 years William Douglas Burden aforesaid shall so vote all shares of the Company owned and controlled by him in favour of the election of the nominee from time to time of Bongard as a director of the Company.

14. The following are all the persons who have more than a 5% interest in Bongard, that is to say:—

<u>Name</u>	<u>Address</u>
GORDON ROSS BONGARD.....	28 Hawarden Crescent, Toronto 10, Ontario.
STRACHAN KANIFF BONGARD.....	1 Highland Avenue, Toronto 5, Ontario.
FORREST WILLIAM GRAHAM.....	87 Dunvegan Road, Toronto 7, Ontario.
MAITLAND DEWAR MCCARTHY.....	1643 West 44th Avenue, Vancouver, British Columbia.

15. By an indenture of "Contract for Employment and Agreement Granting Share Option", which is dated, for convenience, the 3rd day of July, 1962, which is hereinafter referred to as "THE EMPLOYMENT CONTRACT", and which is drawn between the Company, of the first part, and Allan McLeish, of the Settlement of Wawa, in the Township of Michipicoten, in the said District of Algoma, Mining Engineer, therein and hereinafter called "MCLEISH", of the second part, the Company from the 1st day of July, 1962 agreed to employ McLeish. The Employment Contract provides that the employment of McLeish may be determined at any time by either party giving to the other 90 days' notice of termination, and that the Company may at any time determine the employment of McLeish for cause without notice. The Employment Contract gives to McLeish the sole and exclusive non-assignable options, which are hereinafter referred to as "THE EMPLOYEE OPTIONS", to subscribe and pay for up to 15,000 fully paid and non-assessable shares of the Company at the price of 60¢ per share, as follows:—

- (a) Any part or parts or the whole of 5,000 shares between the 1st day of July, 1964 and the 30th day of June, 1965.
- (b) Any part or parts or the whole of 5,000 shares between the 1st day of July, 1965 and the 30th day of June, 1966.
- (c) Any part or parts or the whole of the balance of 5,000 shares between the 1st day of July, 1966 and the 30th day of June, 1967.

In the event that McLeish shall for any reason cease to be employed by the Company or shall fail to exercise any part or parts or the whole of the Employee Options within the times specified therefor, that part or those parts or the whole thereof then unexercised shall thereupon cease and determine. The Employee Options may be exercised by McLeish giving notice within the times above mentioned of his exercise thereof in respect of that part or parts thereof then open for exercise and specified in each such notice and by McLeish with each such notice paying to the Company the issue price of the shares of the Company comprised in that part or parts of the Employee Options which is or are thereby exercised.

16. Save as aforesaid, no option agreements or underwriting agreements are outstanding or proposed to be given, and save as aforesaid no sub-option agreements or sub-underwriting agreements are outstanding or proposed to be given, and save as aforesaid no assignments or proposed assignments of any such agreements are outstanding or are proposed to be given.
17. The future development and exploration plans of the management are to act upon the recommendations contained in the accompanying reports of Ralph Isaac Benner and Paul Coulter McLean. The proceeds from current sales of securities of the Company are proposed to be expended thereon, and particularly upon a programme of 30,000 feet of surface diamond drilling at a cost to the Company of about \$120,000, and if warranted thereafter the sinking of a shaft in the Mining Lands to a depth of about 500 feet at a cost to the Company of about \$125,000, and if warranted thereafter underground exploration and development in the Mining Lands. If, when and to the extent that the Share Options and the Employee Options are exercised, the funds derived therefrom will, if the results of the above programme appear to warrant, be used (i) in development and mining work in the Mining Lands, (ii) in payment of the costs of such machinery, plant, equipment and supplies as, from time to time, the Company shall require in relation to such work, (iii) the payment of the preliminary expenses of the Company and (iv) for the general operating expenses of the Company.
18. Exploration and development work, when undertaken, will be under the supervision and control of Sutherland, and save as aforesaid it is not now possible to afford details thereof.

19. The amount of the preliminary administrative expenses of the Company is estimated to be about \$20,000, including the amount of \$2,500 heretofore expended in and upon the incorporation and organization of the Company and the acquisition by it of the Mining Lands.
20. No indebtedness is to be created or assumed by the Company which does not appear on the accompanying financial statements of the Company dated as of October 31st, 1962, save in the course of the performance of the above-mentioned exploration and development programme. It is not now possible to afford details of the security, if any, to be given for any indebtedness which may be incurred by the Company upon or in respect of the performance of that programme.
21. (a) WILLIAM DOUGLAS BURDEN is an Executive and has been engaged in businesses in the United States of America for upwards of thirty years. From 1937 until 1961 he was the President of Marine Studios Incorporated, Marineland, in the State of Florida, one of the United States of America. From 1926 until 1962 he was a Trustee of The American Museum of Natural History. He has the degrees of Bachelor of Science in Geology from Harvard University and of Master of Science in Geology from Columbia University. He is the author of a number of books and for about the last two years he has practised the profession of an author.
- (b) WILLIAM DONALD SUTHERLAND has practised in Canada as a Consulting Geologist for upwards of nine years, during which he has been actively engaged in the business of exploration for minerals.
- (c) CHARLES STEWART MACIVOR MORTIMER has practised his profession as a Barrister and Solicitor at the City of Toronto for upwards of ten years. He is a partner in the firm of Mortimer and Colebourn.
- (d) FORREST WILLIAM GRAHAM has been for upwards of eight years a partner in Bongard and Company.
- (e) LUIS FERNANDO VIAL BROWNE is an Investment Banker. From in or about the month of September, 1957 until the month of July, 1961 he was associated with Robert Timpson and Co., 63 Wall Street, in the City of New York, in the State of New York, one of the United States of America, and since the month of July, 1961 he has been associated with J. W. Redmond and Co., 734 — 17th Street, N.W., in the City of Washington, in the District of Columbia, in the United States of America.
- (f) VICTOR KENNETH COLEBOURN has practised his profession as a Barrister and Solicitor at Red Lake and Fort William, Ontario, and for upwards of the last three years at the City of Toronto. He is a partner in the firm of Mortimer and Colebourn.
22. (a) William Douglas Burden, as a partner in Sutherland and Co., before the transfer of the Mining Lands to the Company had an interest of 18% therein and in return therefor there have been allotted and issued for him 135,000 of the Vendors' Shares.
- (b) Sutherland, as a partner as aforesaid, before the transfer of the Mining Lands to the Company had an interest of 13.5% therein and in return therefor there have been allotted and issued for him 101,250 of the Vendors' Shares.
- (c) No other director or officer of the Company has any interest, direct or indirect, whether personally or as a partner in a firm, in any property acquired or to be acquired by the Company.
23. Since the incorporation of the Company no remuneration has been paid by it and no remuneration is intended to be paid or payable by it during its current financial year to any of its directors or officers save that Sutherland has been paid for the account of the Company consulting fees in the aggregate of \$1,150 and will be paid his usual consulting fees for all services rendered by him in and upon the above-mentioned programme of exploration in the Mining Lands.
24. No dividends have been paid or are payable by the Company.
25. By reason of beneficial ownership of shares of the Company, William Douglas Burden aforesaid is in a position to elect or cause to be elected a majority of the directors of the Company.
26. So far as the directors of the Company are aware, there are no arrangements outstanding or proposed to be made for the sale of any of the Vendors' Shares.
The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario), and Part VIII of The Securities Act 1955 (Alberta), and there is no further material information applicable other than in the financial statements or reports where required.

DATED this 28th day of November, 1962.

"WILLIAM DOUGLAS BURDEN"

"F. W. GRAHAM"

"W. DON SUTHERLAND"

"LUIS F. V. BROWNE"

"CHARLES S. M. MORTIMER"

"V. K. COLEBOURN"

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario), and Part VIII of The Securities Act 1955 (Alberta), and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

DATED this 28th day of November, 1962.

BONGARD AND COMPANY, per :

"S. K. BONGARD"

"WILLIAM DOUGLAS BURDEN"

"ALLAN McLEISH
by his attorney
CHARLES S. M. MORTIMER"

SURLUGA GOLD MINES LIMITED

(Incorporated on March 22, 1962 under the laws of Ontario)

BALANCE SHEET AND PRO FORMA BALANCE SHEET

October 31, 1962

	Balance sheet	Pro forma balance sheet (see notes)
ASSETS		
Cash	\$6	\$ 302,506
Mining land and claims — acquired for the issue of 750,000 shares of the capital stock of the company		75,000
Incorporation and financing expenses		20,000
	<u>\$6</u>	<u>\$ 397,506</u>
SHAREHOLDERS' EQUITY		
CAPITAL:		
Authorized — 3,000,000 shares with a par value of \$1 each		
Issued and fully paid —		
Balance sheet — 6 shares for cash	\$6	
Pro forma balance sheet —		
	Par value	Discount
975,006 shares for cash	\$ 975,006	\$ 652,500
750,000 shares for mining land and claims ..	750,000	675,000
	<u>\$1,725,006</u>	<u>\$1,327,500</u>
1,725,006 shares		\$ 397,506
	<u>\$6</u>	<u>\$ 397,506</u>

Approved on behalf of the Board:

"W. DON SUTHERLAND", Director.

"CHARLES S. M. MORTIMER", Director.

NOTES:

- The pro forma balance sheet gives effect as at October 31, 1962 to the following:
 - The purchase under an agreement dated November 1, 1962 of mining land and mining claims for \$75,000 satisfied by the issue of 750,000 shares of the capital stock of the company.
 - The issue of 225,000 shares of the capital stock of the company for a cash consideration of 10¢ per share, which share shall not participate in any dividends which may be declared and paid by the Company on or before November 1st, 1962.
 - The issue of 500,000 shares of the capital stock of the company for a cash consideration of 40¢ per share.
 - The issue and sale to underwriters of 250,000 shares of the capital stock of the company for a cash consideration of 40¢ per share in accordance with the terms of an agreement dated November 1, 1962 which provides that such sale will become effective within forty-eight hours of the delivery of a receipt for the prospectus by the Ontario Securities Commission.
 - The payment of incorporation fees and financing expenses estimated at \$20,000.
- In consideration for the underwriting agreement dated November 1, 1962 the underwriter has been granted options to acquire a further 360,000 shares of the company as follows:
 - 100,000 shares at 50¢ per share within 120 days of the date of delivery of the receipt for the prospectus by the Ontario Securities Commission,
 - 100,000 shares at 80¢ per share within 240 days of such date,
 - 100,000 shares at \$1.00 per share within 365 days of such date,
 - 60,000 shares at \$1.20 per share within 480 days of such date.
- Under an agreement dated July 3, 1962 the company has granted an employee an option to purchase 15,000 shares of the capital stock of the company at 60¢ per share exercisable as to 5,000 shares in each of the years ending June 30, 1965, 1966 and 1967.

To the Directors of
SURLUGA GOLD MINES LIMITED:

AUDITORS' REPORT

We have examined the balance sheet and pro forma balance sheet of Surluga Gold Mines Limited as at October 31, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet presents fairly the financial position of the company as at October 31, 1962 and the accompanying pro forma balance sheet presents fairly the financial position of the company as at the same date after giving effect as at that date to the adjustments set out in the footnotes thereto, both in accordance with generally accepted accounting principles.

Toronto, Canada,
November 28th, 1962.

"CLARKSON, GORDON & CO.",
Chartered Accountants.

REPORT ON
THE SUTHERLAND COMPANY PROPERTY
SAULT STE. MARIE MINING DIVISION
DISTRICT OF ALGOMA

DIGEST

All available information has been checked and evaluated. The writer feels that the property has mine-making possibilities and that further drilling of the property is definitely warranted, to fill in between intersections with favorable gold values obtained in previous work and to thoroughly test other favorable structure.

A program involving approximately 10,000 feet of diamond drilling is outlined in this report and laid out on accompanying map.

After completion of the drilling program as outlined, the results should be reviewed.

CERTIFICATE

I, Ralph I. Benner of the City of Toronto, in the Province of Ontario, do hereby certify as follows:

1. That I am a Consulting Geologist registered as a member in good standing of the Association of Professional Engineers of the Province of Ontario.
2. That I am a graduate of the Haileybury School of Mines in 1932 and have obtained the Degree of Bachelor of Science in Geology (1946) from Queen's University, Kingston, Ont.
3. That the information for this report was gathered from Department of Mines Maps and Reports, from D. Sutherland who directed the Drilling Campaign, and from personal observations in the field in November, 1961. No exploration work has been carried out on this property since this examination.
4. That I have no direct or indirect interest in any of the shares, securities or properties of the Sutherland Company or of Surluga Gold Mines Limited property described in this report.

RALPH I. BENNER, B.Sc., P.Eng.,
Geologist.

INTRODUCTION

The purpose of this report is to assess the economic possibilities of the property from results of work done to date and to lay out a further program of work if warranted.

Mr. D. Sutherland supplied a thorough record of the work done to date, that is, drill logs and drill hole locations, and accompanied me during an examination of the drill core and on a trip to the property.

Department of Mines maps and reports and a report by J. E. Jerome dated April 2, 1959, were used.

MAP

One map accompanies this report.

Accompanying Plate — Location of drill holes, proposed drill holes and control grid, and surface trace of faults and shears — on claim SSM 59662.

GEOGRAPHICAL

The property, consisting of 32 unpatented mining claims Nos. SSM 59662-63-64, SSM 60183-84-85, SSM 60362-63, SSM 60942, SSM 61530-31-32-33, SSM 61954-72 inclusive and patented claims 4317, 4318 and 4720 is situated in Township 29, Range XXIII, District of Algoma. All claims are in good standing.

A fair motor road from the Town of Wawa, approximately 2 miles to the northwest, passes through the north part of the property. From this road a narrow gravel road leads to the southern extremity of claim SSM 59662.

The topography is rugged, with deep, steep-walled valleys traversing the property.

Sufficient water is available from Jubilee and Wawa lakes, for mining purposes.

LOCAL HISTORY

Gold was first discovered in the area at Mackey Point on Wawa Lake, in 1898. Although numerous small gold discoveries were made and sporadic production obtained no serious attempt at production was made until the period from 1930 - 1939, when the Parkhill, Darwin and Minto Gold Mines produced a total of \$3,372,633.00 in gold.

LOCAL GEOLOGY

The granite and granodiorite of the Wawa Lake area form batholiths with irregular surfaces. Between these upward projecting masses, the greenstones and schists lay in troughs. Intruding these rocks are the porphyries and granodiorites which appear to be genetically connected to the underlying granites and the source of the gold solutions.

Economic

The Minto Gold Mine, adjoining the Sutherland group to the south, produced \$1,131,467 from ore grading \$7.14 per ton.

The Parkhill Gold Mine, immediately to the south of the Minto property, produced \$1,677,307 from ore grading \$15.12 per ton.

The Darwin Gold Mine, adjoining the Parkhill property to the southwest, produced \$536,583 from ore grading \$13.37 per ton.

Production from the above properties came from veins striking northwest, northeast and slightly east of north and dipping between 40° and 50° northeast, southeast and east, respectively.

With the exception of the north part of the Minto group, the veins occurred mainly in the diorite rocks.

Arsenopyrite was associated with the gold values in all veins except those in the north part of the Minto group.

HISTORY OF THE PROPERTY

The property includes what was known as the "Cora", "Mackey Point", Wawa Gold Fields and Hornblende groups.

The "Cora" operators did some shallow pitting and put down three diamond drill holes. This work was done on what is now claim SSM 59662 and was confined to a narrow upper shear with negative results.

The "Mackey" group which is now the north part of the Sutherland group of claims, was optioned to the Consolidated Mining & Smelting Company in 1933. This Company did 6,000 feet of surface drilling, and sank an inclined shaft to 240 feet. Approximately 200 feet of lateral work was carried out from this shaft. Although no ore body as such was outlined, some encouraging gold values were obtained. The option on the property was relinquished contrary to the recommendations of the Engineer in charge.

Between November, 1960 and August, 1961, Sutherland & Company, under the direction of D. Sutherland, drilled 25 holes for a total of 9,267 feet. (See plate.)

GEOLOGY OF THE PROPERTY

Rock Types

The exposed hills are mainly diorite and granodiorite. It is possible that the greenstone rocks, being softer and more prone to erosion, underlie some of the many silt covered valley bottoms, with the more resistant diorites and granodiorites forming the hills. This is so along the valley extending northward from Jubilee Lake.

Structure (see plate)

A series of northeast trending faults marked by deep valleys, traverse the property. The fact that these faults follow a direct line rather than a curving one, over an uneven topography, would seem to indicate them to have a near vertical dip. Striking across these faults in a direction approximately N 25° E is what is referred to as the Jubilee shear, extending northward from Jubilee Lake. As indicated in diamond drilling, the shear is known to be from 50 feet to 130 feet in width. Minor discontinuous shears parallel to the Jubilee shear were intersected by the diamond drill. Several minor shears at an angle to both the faults and the Jubilee shear are shown on the maps, as indicated from aerial photographs and diamond drilling.

Economic (see plate)

Values of economic importance were intersected in 16 of the 25 drill holes. Below is the tabulated data on the intersections:

Hole No.	Sample No.	Footage From To	Gold Assay \$ Per Ton/Width	Host Rock	Remarks
1	055 & 056	196.5 - 204.0	11.28/7.5'	Sheared Greenstone	
2	344	207.1 - 213.2	11.55/6.1'	"	
8	173	26.1 - 30.8	13.50/4.7'	"	
	192 & 193	240.7 - 246.8	10.86/6.1'	"	
9	239	186.0 - 189.5	5.95/3.5'	"	
10	712	225.3 - 229.4	5.60/4.1'	"	
12	841 - 845	225.8 - 240.9	11.92/15.1'	"	
14	951	363.4 - 368.8	4.90/5.4'	"	Arsenopyrite
16	988 - 990	85.6 - 91.4	15.22/5.8'	"	
17	048	145.4 - 149.1	10.15/3.7'	Silicified Granodiorite	
18	066 - 068	103.0 - 111.7	6.84/8.7'	Sheared Greenstone	Arsenopyrite
19	094	146.2 - 147.0	11.20/1.5'	"	"
20	129	192.1 - 193.8	5.60/1.7'	Sheared Diorite	
22	238 - 248	327.2 - 358.8	11.45/31.6'	Sheared Greenstone	Visible Gold
23	358	273.0 - 274.8	9.45/1.8'	"	
	375 - 384	314.9 - 338.3	11.34/23.4'	"	Visible Gold
24	327	472.0 - 474.7	7.70/2.7'	"	" "
	342	511.2 - 514.4	3.85/3.2'	"	" "
25	511	747.7 - 750.7	9.80/3.0'	Sheared Diorite	" "
	518	769.4 - 772.0	9.45/2.6'	"	Arsenopyrite

The other half of samples 247 and 248 from Hole No. 22 and samples 988, 989 and 990 from Hole No. 16 were quartered for a check assay.

In Hole No. 22 the check assay was \$11.20 as against the original \$15.99

6.2	6.2
-----	-----

In Hole No. 16 the check assay was \$15.12 as against the original \$17.87

5.8	5.8
-----	-----

These check results are considered satisfactory.

The gold values occur in a trough of Keewatin rocks flanked on either side by diorites. The Keewatin rocks are schisted, sheared, silicified and chloritized so as to almost obscure their original identity. However, andesite flows, porphyries and lamprophyres have been recognized as part of the mass.

To date the most important gold intersections have been found in the Jubilee shear. This shear varying in width from 50 feet to 130 feet, occurs chiefly in the Keewatin rocks but does in places extend into the diorites. It steepens at depth but as the section is not at right angles to the shear, the true dip cannot be taken.

On the north part of the claim a subsidiary upper shear contains important gold values associated with arsenopyrite.

The minerals associated with the gold values in the Jubilee shear are minor pyrite, pyrrhotite, molybdenite, black tourmaline, chlorite, carbonate and quartz. The quartz ranges from white to the smoky grey variety and occurs broken, as veinlets and as ellipsoidal blebs. As there is a great deal of quartz that does not contain gold values, and free gold is not always present, it is necessary to sample almost the entire shear.

CONCLUSIONS

Economic deposits of gold occur in the same area as the Sutherland group under similar geological conditions, as evidenced by production from the Parkhill, Darwin and Minto Gold Mines.

A well executed explorational diamond drill program, carried out by Sutherland & Company, indicates the presence of commercial gold values in favorable geological structure. Only part of this structure has been tested.

On the south part of claim 59662 in particular, the gold values intersected in drill holes 1, 2, 8, 22, 23 and 24 are sufficiently close to suggest continuity and a good start on an ore body.

The intersection of the Jubilee shear with the northeast striking faults could produce favorable ore structure, either in the faults or in the shear, or both.

The presence of arsenopyrite in association with the gold in the subsidiary shear but not in the Jubilee shear would seem to indicate two different periods of gold deposition.

I consider that the property has mine making possibilities and that further drilling is definitely warranted to enlarge on results obtained in previous drilling and to test the remaining favorable structure.

RECOMMENDATIONS

1. That the present east-west control lines be continued to the west boundary for the entire length of claim SSM 59662 as shown on plate No. 4.

2. That the surface depressions be mapped.

3. That a program of not less than 10,000 feet of diamond drilling be done as laid out on the accompanying plate. Two drills should be used, one to outline a possible ore zone around holes 22 and 23 and one to test other sections. A series of holes, N, O, P, Q, and L, K, J, I, have been laid out on the south part of the claim. These holes should be completed regardless of results obtained in the individual holes. If the results are favorable the program should be expanded further in the direction the results warrant and following the pattern laid out.

No. 2 drill is to drill at locations R, S, Y, Z, T, U, V, W and X. These holes are to be drilled consecutively regardless of results obtained. Positions R and S are to test down dip the values cut in Nos. 9 and 12 Holes. Positions Y and Z are for testing the northeast fault on either side of the intersecting Jubilee shear. These holes are to be drilled at an angle of 45° and to cut the fault at a vertical depth of 100 feet. Positions T, U, V, W and X are for testing values received in holes 16, 17, 18, 19 and 20 down dip, and should be continued downward to cut the main shear. Holes 18 and 19 should be deepened to cut the main shear. All holes with the exception of Y and Z are vertical. The letters of the alphabet have been used for hole locations for reference only; as the holes are drilled the proper sequence number can be allotted.

Hole positions as shown on the map can of course be shifted if a drill set-up at that particular point is not possible.

It is possible that local structural conditions could have a bearing on ore control, and that in the wide shear, ore bodies could be parallel or in echelon. Hence it is necessary that sections be made of each drill hole as it is completed.

On the completion of the above program the results shall be reviewed.

COST ESTIMATE

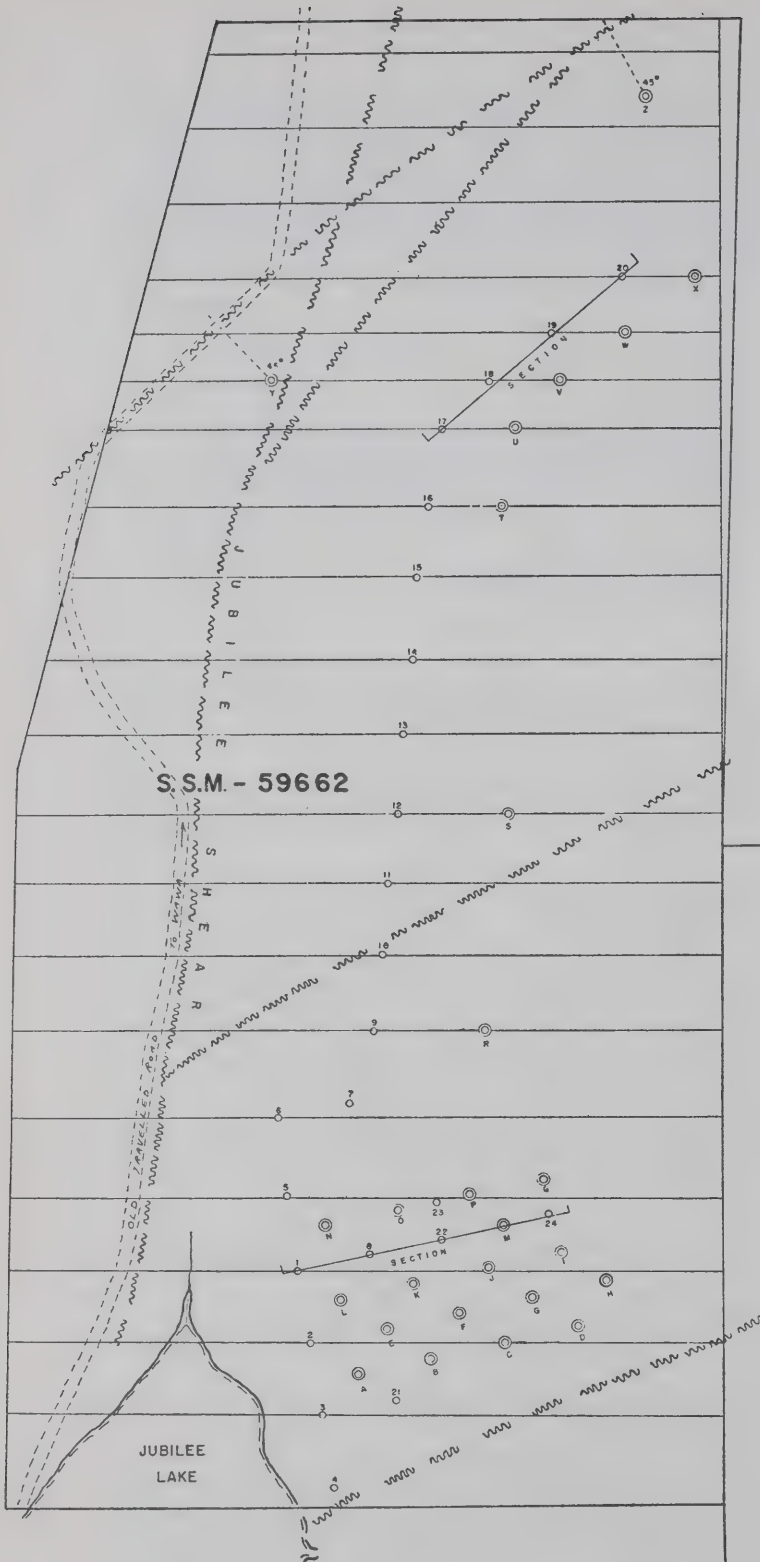
The approximate cost of the foregoing recommended drilling is expected to be about \$55,000.

Respectfully submitted,

RALPH I. BENNER, B.Sc., P.Eng.

Cobalt, Ontario,
October 29, 1962.

SUTHERLAND AND COMPANY PROPERTY
 LOCATION OF DRILL HOLES 1-25,
 PROPOSED DRILL HOLES AND CONTROL GRID,
 SURFACE TRACE OF FAULTS AND SHEARS,
 ON CLAIM SSM 59662, TWP.29, RANGE XXIII
 DISTRICT OF ALGOMA



S.S.M.- 59664

LEGEND

- HOLES DRILLED
- PROPOSED DRILL HOLES
- ~ FAULTS AND SHEARS

25

TO ACCOMPANY REPORT BY RALPH I. BERNER

GOBALT ONTARIO
 NOVEMBER 1966



PLATE

DRAWN BY M. ARMSTRONG NOV. 1966

REPORT ON THE SUTHERLAND & CO. WAWA GOLD PROPERTY

INTRODUCTION:

The writer was engaged by Sutherland & Co. to submit a geological report on its main Wawa area gold property. The purpose of this report is to assess the economic possibilities of the property in the light of all available information and to submit recommendations for future development work.

The author visited the claims in the company of Mr. Don Sutherland on December 19th, and made an examination of the drill core, which is stored at Blind River, Ontario, on December 20th, 1961. Assay results and other data used in this report were supplied by Mr. Sutherland.

ACKNOWLEDGMENTS:

The writer wishes to acknowledge the help afforded him by Dr. M. H. Froberg and Mr. John Knox, Jr., in supplying historical background on the Wawa mining area.

ABSTRACT:

A study of the geology of the property together with an evaluation of diamond drill hole data has led the author to the conclusion that results obtained to date are highly encouraging and that an extensive development program should be undertaken.

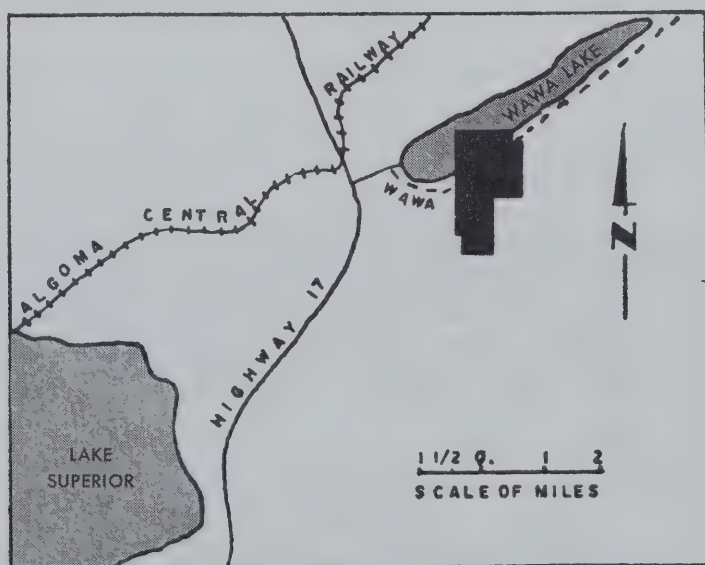
A minimum of 12,000 feet up to 27,000 feet of diamond drilling has been recommended with the following objectives:

- (a) To outline the ore shoots and possible ore shoots already indicated by the preliminary drilling program.
- (b) To explore the favourable shear zones farther along their directions of strike to the north.

The purpose of the diamond drilling campaign herein recommended is to locate and outline a sufficient quantity of ore in order that an underground development program can be undertaken.

LOCATION AND MEANS OF ACCESS:

The Sutherland & Co. property consists of a group of 35 patent and unpatented contiguous mining claims located in Township 29, Range XXIII, Sault Ste. Marie Mining Division, District of Algoma, Ontario. The area covered by the claims is approximately 75 per cent land and 25 per cent water.



Key Map Wawa Area

of horizontal length to downward extension of the ore shoots was approximately 1 to 5. It is thought that the elongated shape of the ore shoots was caused by the localization of the gold values along the axes of drag folds within the shear zones.

In my opinion diamond drilling to date has partly outlined an ore shoot which rakes to the northeast and which has a strike length of more than 100 feet and a slope length of possibly over 400 feet. Although a tonnage calculation of indicated ore is considered premature, the following calculation of the average grade and width arrived at by using the results obtained in the 6 drill holes may be of some value.

HOLE NO. 1

<u>Depth of Zone</u>	<u>Width in Feet</u>	<u>Oz. Per Ton</u>	<u>Oz. Feet</u>
195.6 - 204.0	4.3	.13	.559
	3.2	.58	1.856
	<u>7.5</u>		<u>2.415</u>

$$\text{Average} = \frac{2.415}{7.5} = .322 \text{ oz. per ton } (\$11.27) \text{ over 7.5 feet}$$

HOLE NO. 2

<u>Depth of Zone</u>	<u>Width in Feet</u>	<u>Oz. Per Ton</u>	<u>Oz. Feet</u>
207.1 - 213.7	6.1	.33	2.013

$$\text{Average} = .33 \text{ oz. per ton } (\$11.55) \text{ over 6.1 feet.}$$

HOLE NO. 8

<u>Depth of Zone</u>	<u>Width in Feet</u>	<u>Oz. Per Ton</u>	<u>Oz. Feet</u>
240.7 - 246.8	3.0	.60	1.800
	3.1	.03	.093
	<u>6.1</u>		<u>1.893</u>

$$\text{Average} = \frac{1.893}{6.1} = .310 \text{ oz. per ton } (\$10.85) \text{ over 6.1 feet.}$$

HOLE NO. 22

<u>Depth of Zone</u>	<u>Width in Feet</u>	<u>Oz. Per Ton</u>	<u>Oz. Feet</u>
327.2 - 358.8	3.1	2.00	6.200
	3.3	.07	.231
	3.4	.03	.102
	1.3	.10	.130
	3.5	.09	.315
	3.0	.10	.300
	1.7	.05	.085
	2.9	.02	.058
	3.2	.11	.352
	2.9	.34	.986
	3.3	.56	1.848
	<u>31.6</u>		<u>10.607</u>

$$\text{Average} = \frac{10.607}{31.6} = .336 \text{ oz. per ton } (\$11.76) \text{ over 31.6 feet.}$$

NOTE: The first sample in the zone returned 3.85 oz. per ton over 3.1 feet. Due to the presence of coarse visible gold, this value was considered to be erratic and was arbitrarily cut to 2.00 ounces per ton by the author.

HOLE NO. 23

Depth of Zone	Width in Feet	Oz. Per Ton	Oz. Feet
313.1 - 338.3	1.8	.08	.144
	1.9	.39	.741
	2.7	.94	2.538
	1.5	.02	.030
	1.9	.005	.009
	2.0	1.23	2.460
	1.9	.195	.371
	1.7	.03	.051
	3.0	Trace	—
	3.8	.36	1.369
	<u>25.2</u>		<u>7.728</u>

Average = $\frac{7.728}{25.2} = .302$ oz. per ton (\$10.57) over 25.2 feet

HOLE NO. 24

Depth of Zone	Width in Feet	Oz. Per Ton	Oz. Feet
472.0 - 481.6	2.7	.22	.594
	3.6	.005	.018
	3.3	.11	.363
	<u>9.6</u>		<u>.975</u>

Average = $\frac{.975}{9.6} = .082$ oz. per ton (\$3.57) over 9.6 feet

TABULATION

Hole	Width in Feet	Oz. Per Ton	Oz. Feet
1	7.5	.322	2.415
2	6.1	.330	2.013
8	6.1	.310	1.893
22	31.6	.336	10.607
23	25.2	.302	7.728
24	9.8	.102	.975
	<u>86.1</u>		<u>25.631</u>

The average grade for holes No. 1, 2, 8, 22, 23 and 24 is $\frac{25.631}{86.1} = .297$ oz. per ton (\$10.36) over

$\frac{86.1}{6} = 14.3$ feet.

Assuming a dip of 33° the true average width is calculated to be $14.3 \cos. 33^\circ = 12.0$ feet.

If hole No. 24 is omitted, as it appears to be on the fringe of the zone, the average of the remaining 5 holes would be .322 oz. per ton (\$11.27) over a true width of 12.8 feet.

In the area north of hole No. 11 most of the gold values obtained have been found to be associated with arsenopyrite. This association is considered to be quite significant because it indicates the presence of two types of ore mineralization on the property.

Hole No. 12 obtained an excellent ore intersection of .341 oz. per ton (\$11.77) across 15.1 feet. The gold values were located in a shear zone that contained a fair amount of grey quartz and that was well mineralized with arsenopyrite. Fine needle-like crystals of arsenopyrite were observed throughout this section, in the quartz and also in the sheared material. With reference to the longitudinal section, it appears that this zone lies within the main Jubilee shear.

Hole No. 14 obtained an intersection of .14 oz. per ton (\$4.90) over 5.4 feet in a shear zone that appears to be below the main zone. Some arsenopyrite was noted in this section.

Holes No. 16, 17, 18, 19 and 20 all cut gold values that can be correlated. These values occur within a shear zone and with the exception of hole No. 20, all are associated with arsenopyrite. Assay results obtained from this zone are tabulated below.

Hole	Depth of Zone	Width in Feet	Oz. per Ton
16	85.6 - 91.4	5.8	.438
17	68.1 - 70.3	2.2	.09
	83.0 - 86.6	3.6	.10
18	103.0 - 120.0	17.0	.123
19	146.2 - 147.7	1.5	.32
20	192.1 - 193.8	1.7	.16

In view of the fact that holes 16 and 17 intersected this zone at an unexpectedly shallow depth, and due to the presence of a topographic lineament near the surface projection of the zone, it is possible that the values lie in a structure that branches from the Jubilee shear at about N 40° E. Holes 16 and 17 intersected a second shear below the arsenopyrite mineralization which returned values of .16 oz. per ton (\$5.60) over 4.4 feet and .29 oz. per ton (\$10.15) over 3.7 feet respectively. No arsenopyrite was noted in these sections.

In my opinion another interpretation of the results is also possible. Assuming a steep northerly dipping fault through hole 16, having a vertical displacement of about 90 feet, with the north side moving up, it is possible to correlate the arsenopyrite zone with the Jubilee shear. A zone of crushed and broken core, suggestive of a late fault, was encountered at a depth of 115 feet in hole No. 16.

If the arsenopyrite structure lies within the main shear, it is reasonable to assume from the drilling done to date, that it may lie parallel to the first ore shoot which is located some 1,100 feet to the south. If this is the case, holes No. 17, 18, 19 and 20 appear to have been drilled down the rake of the structure and near its northern limit. The values obtained in these holes are appreciably lower than those in hole No. 16, which is thought to be located closer to the centre of the structure.

If the foregoing interpretation is correct, hole No. 12 may also represent a northeast raking structure situated approximately half way between the other two zones.

Hole No. 25 was drilled down dip from the Jubilee Mine in the hope of intersecting the Jubilee shear at depth. A strong shear zone was encountered from 727 to 785 feet which appears to line up with the expected structure. A 15 foot quartz vein was encountered within the shear and a value of .28 oz. per ton (\$9.80) over 3.0 feet was obtained on the footwall. A second intersection of .27 oz. per ton (\$9.45) over 2.6 feet was obtained within the shear zone some 22 feet below the vein. In this case, the values were associated with fine arsenopyrite mineralization.

RECOMMENDATIONS:

1. Diamond Drilling

The preliminary drilling program has indicated six areas in which additional closely spaced drilling should be carried out. These locations are designated in order of importance as follows:

(a) In the area of holes No. 1, 2, 8, 22, 23 and 24, additional drill holes will be required to determine the overall size and grade of the oreshoot indicated by the preliminary holes.

(b) In the area of holes No. 16, 17, 18, 19 and 20, additional drill holes will be required to determine the attitude and extent of the arsenopyrite zone. Initially, a row of holes south of, and parallel to, the original holes is suggested.

(c) In the area of hole No. 12, several drill holes will be required to determine if the intersection obtained in the hole represents an ore shoot. It is recommended that the first holes in this area be spaced 50 feet from hole No. 12 in order to establish the attitude of any structure that may exist.

(d) In the area of holes No. 9 and 10, one or two drill holes will be required to test the marginal values obtained in these holes within the main shear.

(e) It is suggested that hole No. 15 be deepened another 200 feet to approximately 500 feet for the purpose of checking the intersection obtained at depth in hole No. 14.

(f) In the area of hole No. 25, it is felt that three additional holes should be drilled at 100 foot intervals north and south of the hole. From the results obtained in hole No. 25, it is considered that additional testing of the main shear zone at depth is warranted.

A minimum of 12,000 feet of AXT diamond drilling will be required to complete this phase of the program. Drill holes should continue to be drilled vertically and should not be located over 100 feet from previous holes and in critical areas not over 50 feet.

In conjunction with the detailed phase of the drilling program, it is recommended that additional diamond drilling be carried out to the north along the Jubilee shear zone. In view of the fact that the preliminary program has had favourable results, it is suggested that this phase of the drilling program be continued.

It is thought that the Jubilee shear zone continues for some 6,000 feet north from Jubilee Lake and as only the first 1,600 feet has been tested so far, an extensive drilling program will be required to explore the remainder of the structure.

Provided that the detailed phase of the diamond drilling program continue to return encouraging results, it is recommended that a minimum of 15,000 feet of AXT diamond drilling be carried out in vertical holes spaced 100 feet apart along a line bearing N 10° E from hole No. 19. In view of the possibility that the shear zone may change direction or be displaced by faulting, it may be necessary to move this base line as drilling proceeds.

In the event that the north arsenopyrite zone is found to lie within a branch structure diverging from the Jubilee shear, additional drilling will be required to test the zone to the northeast along the strike.

It is suggested that two drills be employed in order that both phases can be carried out simultaneously.

2. Geological Mapping

It is recommended that the property be mapped and that all old pits be examined to ascertain if other favourable shear structures exist on the claims. In this regard, particular attention should be paid to any evidence of shearing in the vicinity of fault scarps or pronounced valleys.

COST ESTIMATE:

The approximate cost of the foregoing recommendations is expected to be as follows:

Detailed Drilling Program

12,000 feet of AXT diamond drilling @ \$3.75 per foot	\$ 45,000
Engineering and assaying	7,500
Diamond Drilling Costs	\$ 52,500
Geological mapping	8,000
Contingencies	2,500
Total Cost of the Program	<u>\$ 63,000</u>

Preliminary Exploration Phase

Up to 15,000 feet of AXT diamond drilling @ \$3.75 per foot	\$ 56,250
Engineering and assaying	8,000
Contingencies	2,750
Up to	<u>\$ 67,000</u>

CONCLUSIONS:

In my opinion the Sutherland & Co. property must be regarded as a very attractive gold prospect. Results obtained so far from a relatively small amount of diamond drilling are decidedly encouraging.

Although the producing gold mines of the district were small operations, their existence suggests that it is reasonable to expect additional mineable quantities of ore to be discovered in the area. In view of the fact that gold is widespread throughout the district it is felt that if the right structural conditions can be found, larger ore bodies than those previously mined are possible. The Jubilee shear is obviously an important locus of ore deposition and it is my opinion that there is a good chance that other ore shoots will be found within its environs.

The objective of the recommended program is to outline the indicated ore shoots and to explore for others where indications warrant. All drilling is regarded as preparatory to underground development which will eventually be necessary in order to accurately assess the economic potential of the property.

Respectfully submitted,

PAUL C. McLEAN, M.A.Sc.,
Mining Geologist.

January 5th, 1962.

REFERENCES:

This report has been written with reference to the following publications:

Ontario Department of Mines, Volume XXXVI, Part II, Michipicoten Gold Area, District of Algoma — by T. L. Gledhill, 1927.

Ontario Department of Mines, Volume XL, Part IV, Goudreau and Michipicoten Gold Area, District of Algoma — by E. S. Moore, 1931.

Ontario Department of Mines, Volume XLIV, Part VIII, The Ore Deposits of the Michipicoten Area — by M. H. Frohberg, 1935.

Ontario Department of Mines, Volume XLIX, Part I, Statistical Review of the Mineral Industry of Ontario for 1939 — by Maurice Tremblay, 1940.

Structural Geology of Canadian Ore Deposits, pages 414 to 419, The Michipicoten-Goudreau Area — by E. S. Moore, 1948.

CERTIFICATE

I, Paul C. McLean, of the City of North Bay, in the District of Nipissing, do hereby certify as follows:

1. I am a consulting Mining Geologist, residing at 1708 Cassell Street, in the City of North Bay, Ontario, Canada.
2. I am a graduate of the University of Toronto, Faculty of Applied Science and Engineering, in the Course of Mining Geology, 1950. I hold the degrees of B.A.Sc. and M.A.Sc. in Mining Geology.
3. I have no direct or indirect interest whatsoever nor do I expect to receive any in the property of Sutherland & Co. or in the securities thereof or in the property or securities of Surluga Gold Mines Limited.
4. The accompanying report is based on a personal preliminary inspection of the ground and an examination of the drill core, and also on a study of Ontario Department of Mines Publications. The property was inspected on December 19, 1961 and the drill core was examined on December 20, 1961.

Dated at North Bay, Ontario
this 5th day of January, 1962.

PAUL C. McLEAN, M.A.Sc.,
Mining Geologist.

